

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 400 - Life Insurance, National Guard (LSB 1967 XS)

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Fiscal Note Version - New

Description

Senate File 400 provides an Iowa tax credit for mobilized (State and federal active duty) Iowa Reserve Component members for their Servicemembers' Group Life Insurance (SGLI) policy premiums while the member is serving on active duty. The Bill also provides that a death benefit be paid by the State on behalf of each member of the National Guard or United States Reserve Forces who died on or after January 1, 2003, and prior to the effective date of the Bill, while on active duty related to Operation Iraqi Freedom, Operation Noble Eagle, or Operation Enduring Freedom.

Background

1. There are approximately 1,700 National Guard Reserve Component members on active duty. National Guard members are activated for 15 months.
2. The current rate for the Servicemembers' Group Life Insurance (SGLI) is \$16.50 a month for \$250,000. (Estimated through FY 2006.)
3. There have been 37 Iowans who have been killed since January 1, 2003.
4. There are currently 31 National Guard members who are activated and do not carry the maximum insurance.

Assumptions

1. Senate File 400 takes effect upon enactment and applies retroactively to January 1, 2005, for tax years beginning on or after that date.
2. Reserve Component members who are killed after January 1, 2003, who did not have \$250,000 in SGLI will be paid the difference between what they carried and \$250,000 by the State.
3. The cost of death benefits payable pursuant to the Bill will be appropriated from the General Fund.
4. Based on National Guard data, 2.25% of the reservists killed on active duty did not have \$250,000 in SGLI. The weighted average of those reservists not carrying the maximum coverage is \$65,000.
5. The \$250,000 payout may encourage people not to sign up for the maximum life insurance despite the tax credit. In FY 2007, the cost in this fiscal note assumes that all members will sign up for the maximum amount of life insurance.

Fiscal Impact

The cost for FY 2005 is estimated to be approximately \$353,300 in FY 2005 and \$521,600 in FY 2006.

Source

Department of Public Defense, Military Division

Dennis C Prouty

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
